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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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WOOL-15 March 10, 1938

THE WOOL SITUATION

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Summary

Supplies of apparel wool in the United States at the beginning of the new domestic wool marketing season on April 1 will be larger than on that date in 1936 and 1937, and present indications are that world stocks of raw wool also will be larger on April 1 than they have been since 1935, the Bureau of Agricultural Economics reports.

Apparent supplies in the five principal wool producing countries of the Southern Hemisphere on February 1 are estimated at 1.5 billion pounds, and were 23 percent larger than on the same date of 1937 and 5 percent greater than on February 1, when supplies also were relatively large.

The 1938 shorn wool clip in the United States may be slightly smaller than that of 1937 as the number of stock sheep on hand on January 1, 1938, was smaller than a year earlier. Total production of shorn and pulled wool in the United States in 1937 amounted to 432,544,000 pounds. This estimate includes 66,200,000 pounds of pulled wool.

United States mill consumption of apparel wool in January showed no improvement from the low December level. The January consumption was more than 50 percent smaller than in January 1937 and was smaller than in any month since September 1934.

The large stocks of finished and semifinished wool goods in the United States, which resulted from the high mill consumption in the first half of 1937, will be greatly reduced during the winter and spring. With lower inventories, some improvement in mill consumption should occur during the last half of this year.

Imports of wool into the United States so far in 1938 have been negligible compared with the large imports in the early months of 1937.

Trading in domestic wools continued light in February. Prices in the Boston market were irregular and further declines were reported on most wools during the month. Average prices for combing territory wools at Boston in February were about 40 percent lower than in February 1937 when domestic prices were at the peak.

The movement of wool prices in foreign markets was irregular in January and February, but the general trend continued downward.

DOMESTIC SITUATION

BACKGROUND.- During the spring of 1937 domestic wool prices reached the highest level since 1929 but declined more than 30 percent by the end of the year. At the beginning of 1938 domestic wool prices were lower than at any time since 1935. The drop in prices in this country reflects (1) the decrease in mill consumption since last summer; (2) the recession in industrial activity and in the business situation generally; (3) larger world supplies of wool; (4) larger stocks of wool in this country, and (5) weakness in foreign wool prices since last September.

Wool Sales and Prices

Trading in domestic wools continued light in February. Prices of the Boston market were irregular and further declines were reported on most wools during the month. Average prices for combing territory wools in February were about 40 percent lower than in February 1937 when domestic prices were at the peak.

Quotations for fine combing bright fleece wools at Boston the end of February averaged 28.5 cents a pound grease basis, compared with 31.5 cents in the last week of January. Similar 3/8 blood wools averaged 28 cents a pound the last week of February and 30.5 cents a month earlier. Country packed 3/8 and 1/4 blood bright fleeces in mixed grade lots from the Middle West were available the end of February at 24 to 26 cents a pound in the grease, delivered to eastern markets, compared with 27 to 28 cents a pound quoted for similar wools in January.

Prices on graded combing territory wools and 12 months' Texas wools declined 2 to 8 cents a pound, scoured basis, during February.

Index Numbers of Textile Prices

Although wool prices have continued to decline while prices of cotton have advanced since November, domestic wool prices in January and February were still high in relation to prices of other textile raw materials. The decline in apparel wool prices after the early months of 1937 was not as great as the decline in cotton prices.

Index numbers of prices of wool, cotton, silk and rayon yarn for the years 1929-37 and to date in 1938 are shown below.

Index numbers of prices of wool, cotton, silk and rayon yarn, United States 1929-37 and January and February 1938

1929= 100

Year	Wool 1/	Cotton 2/	Silk 3/	Rayon yarn 4/
1929	100.0	100.0	100.0	100.0
1930	77.7	69.9	69.2	85.0
1931	64.3	43.4	48.7	60.8
1932	47.9	33.6	31.6	53.0
1933	68.3	45.9	32.7	48.9
1934	83.2	66.9	26.3	47.1
1935	76.2	64.7	33.1	46.0
1936	93.3	65.5	35.8	47.0
1937	103.9	61.6	37.7	49.9
1938 -				
Jan.	78.9	46.9	31.7	48.2
Feb.	72.0	49.0		

Index numbers are based on yearly averages of monthly prices.
1/ Fine staple, territory, scoured basis Boston market.
2/ Middling 7/8 inch, average at 10 designated markets.
3/ Japanese silk double extra, 13-15; 78 percent white at New York Basis for trading on New York Silk Exchange. Bureau of Labor Statistics.
4/ Domestic yarn, first quality 150 A denier. Bureau of Labor Statistics.

Domestic Wool Production

The 1938 shorn wool clip in the United States may be slightly smaller than that of 1937, since the number of stock sheep on hand on January 1, 1938, was slightly smaller than that of a year earlier.

The total production of shorn and pulled wool in the United States in 1937 amounted to 432,544,000 pounds according to the revised estimate of the Bureau of Agricultural Economics. This estimate includes 66,200,000 pounds of pulled wool. Shorn wool production is now estimated at 366,344,000 pounds from 45,997,000 sheep with an average fleece weight of 7.96 pounds compared with 7.89 pounds in 1936.

The increased quantity of wool shorn in 1937 compared with 1936 was largely a result of the increase of 11 million pounds in Texas although there was an increase of about 2 million pounds in the total for native sheep States. The total in the Western sheep States, excluding Texas, was about 7 million pounds smaller in 1937 than in 1936. The condition of sheep this season in the Western States has been slightly better than in 1936-37.

United States: Number of stock sheep on hand January 1, number shorn and wool production, 1928-38

Year	Sheep and lambs			Wool		
	Number of stock sheep on hand Jan. 1	Number shorn	Average weight of fleece	Shorn wool production	Pulled wool production	Total production of wool
	Million head	Million head	Pounds	Million pounds	Million pounds	Million pounds
1928	40.7	39.8	7.90	314.8	51.9	366.7
1929	43.5	42.0	7.80	327.8	54.5	382.3
1930	45.6	44.5	7.90	352.1	61.9	414.0
1931	47.7	46.8	8.04	376.3	66.1	442.4
1932	47.8	45.2	7.76	351.0	67.1	418.1
1933	47.3	46.0	8.13	374.2	64.2	438.4
1934	48.5	46.7	7.94	370.3	60.5	430.8
1935	46.6	45.5	8.02	364.7	66.0	430.7
1936	46.4	45.7	7.89	360.3	66.2	426.5
1937	47.1	46.0	7.96	366.3	66.2	432.5
1938	46.8	---	---	---		

Wool Stocks

As indicated in the February issue of this report, the increase in stocks of apparel wool in the United States at the beginning of April over a year earlier may be less than the increase on January 1 inasmuch as imports of wool so far in 1938 have been negligible compared with the large imports in the early months of 1937. In January and February of 1938 general imports of apparel wool were about 2 million pounds compared with 80 million pounds imported in those months of 1937. General imports in the first quarter of 1937 were 111 million pounds.

Supplies of all wool in the United States at the beginning of 1938 were considerably larger than a year earlier but were believed to be not greatly different from the January 1 average for the preceding 10 years.

Wool Imports

United States imports of apparel wool for consumption were only 2,068,000 pounds in January compared with 25 million pounds in January 1937 and 11 million pounds in January 1936. Total imports for the calendar year 1937 (amounting to 150 million pounds) were the largest since 1926, but most of the 1937 imports entered this country in the first half of the year, when stocks of raw wool in the United States were small. Since stocks of raw wool in this country are now relatively large, and consumption in the next 3 or 4 months is expected to be considerably smaller than a year earlier, imports in the first half of 1938 no doubt will be much smaller than in the early part of 1937 and also may be smaller than in 1936.

Mill Consumption

Mill consumption of apparel wool in January showed no increase from the low level of December. The weekly average consumption of such wool on a scoured basis was 2,542,000 pounds in the 5 weeks ended January 29 compared with a weekly average of 2,606,000 pounds in December. The January consumption was 56 percent smaller than in January 1937 and was smaller than in any month since September 1934.

Despite the small mill consumption since the middle of 1937 total consumption of apparel wool in the 12 months ended January 1938 was 233 million pounds, scoured basis, only 7 percent below the average yearly consumption from 1925 to 1929. Consumption in the 3-year period 1935-37 was larger than in any other 3-year period since 1922-24.

The high consumption in the first half of 1937 resulted in a considerable accumulation of stocks of finished and semifinished wool goods which are now being disposed of. When these inventories have been used up some improvement in mill consumption probably will occur.

Unfilled orders for woven cloths

Unfilled orders for certain woven cloths held by 138 reporting mills showed a further slight reduction during the final quarter of 1937 and were the smallest in the past 3 years of record, according to a recent report by the National Association of Wool Manufacturers. The decline during the final quarter of 1937 was due to smaller orders for womens' wear and auto cloths. Unfilled orders for mens' wear were slightly larger on January 1, 1938, than in late September. The position of the industry at the beginning of 1938 was in sharp contrast to that of a year earlier when unfilled orders were large in all divisions of the industry.

Unfilled orders for woven cloths, reported by 138 mills 1/ January 2 and September 25, 1937 and January 1, 1938

Date	Mens' wear	Womens' wear	Auto cloths 2/	Total
	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards
1937 -				
Jan. 2	38,741	14,733	3,864	57,338
Sept. 25	15,221	7,541	3,773	26,535
1938 -				
Jan. 1	16,056	6,403	2,098	24,557

Compiled from Monthly Statistics of Wool Manufacture published by the National Association of Wool Manufacturers. Cloth less than 50 inches wide reported in equivalent 54 inch yardage.
1/ These mills equipped with 30,000 looms.
2/ Excludes cloth with pile or jacquard design.

FOREIGN SITUATION

Wool Sales and Prices

The movement of wool prices in foreign markets was irregular in January and February, but the general trend continued downward.

Average prices for fine warp wool in Australia and the Union of South Africa in January were the lowest for the current season and were almost 30 percent lower than in January 1937. Japan made some purchases in Australia during January and February but the quantity was small compared with such purchases in recent years.

The wool markets of South America were relatively quiet in January. Germany was the principal buyer. Prices were largely nominal and unchanged. Growers continue reluctant to sell at present prices.

As reported last month, prices of merino wools at the close of the first series of London sales for 1938 on February 3 were 5 to 7-1/2 percent lower than in November, greasy fine crossbreds were 10 percent lower and greasy medium crossbreds 5 percent lower. Prices of greasy low crossbreds and all scoured crossbreds were equal to November prices while sliped wools were 7-1/2 to 10 percent higher than in November. The next series of London auctions will open March 15.

World Wool Production in 1937

World wool production in 1937, exclusive of Russia and China, is now estimated at 3,510 million pounds compared with 3,414 million pounds in 1936 and an average of 3,383 million pounds for the 5 years, 1931-35. This estimate for 1937 is based on production in 25 countries which furnished 85 percent of the world total in 1936. There was an increase of 3 percent in the five principal producing countries of the Southern Hemisphere which produced 60 percent of the world total in 1936. The 20 Northern Hemisphere countries reporting produced 2 percent more wool in 1937 than in 1936.

The pre-shearing estimates of wool production in Southern Hemisphere countries in the 1937-38 season appear to have been substantially correct. Production in the five 1/ principal countries is still estimated at 2,096 million pounds, the same as in December and about 3 percent larger than in 1936, and also 3 percent above the average for the 5 years 1931-35.

Supply Outlook at Beginning of 1938 Northern Hemisphere Season

Present indications are that world stocks of raw wool will be larger on April 1 than they have been on that date since 1935. That year April 1 stocks in the Southern Hemisphere were the largest for the 10-year period 1928 to 1937.

Apparent supplies 2/ in the five principal wool producing countries of the Southern Hemisphere on February 1 are estimated at 1.5 billion pounds, an increase of 23 percent above the same date of 1937 and 5 percent above the same date of 1935. Wool production in the five important Southern Hemisphere countries in 1937 was slightly larger than in 1936, but exports from these countries thus far in the 1937-38 season were about 27 percent smaller than in the corresponding period of 1936-37 and 25 percent smaller than the average for the 5 preceding years.

1/ Australia, New Zealand, Union of South Africa, Argentina and Uruguay.

2/ Carry-over from preceding season plus production minus exports to January 31. Comparatively small quantity consumed and sold but not yet exported not taken into account.

Apparent supplies 1/ of wool remaining for disposal in five principal Southern Hemisphere countries as of February 1, 1932-38

Period	Australia	New Zealand	Union of South Africa	Argentina	Uruguay	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1932	509.2	273.9	211.1	306.3	66.8	1,367.3
1933	556.0	293.3	134.2	209.1	60.3	1,332.9
1934	420.9	245.1	137.7	235.8	31.8	1,071.3
1935	631.1	248.7	150.0	298.1	94.3	1,422.2
1936	492.5	282.8	112.8	283.2	72.8	1,244.1
5-year average, 1932-36	521.9	268.8	149.2	282.5	65.2	1,287.6
1937	491.1	245.9	153.6	264.1	60.6	1,215.3
1938	616.8	261.9	184.4	341.8	94.9	1,499.8

1/ Carry-over from preceding season plus estimated production minus exports from beginning of season to end of January. No account taken of relatively small quantity sold but not exported and that used for domestic consumption.

Supplies in Importing Countries

Such information as is available indicates that supplies of raw wool remain relatively small in most foreign importing countries. The sharp reduction in wool imports into such countries in the last half of 1937, which has resulted in an accumulation of stocks in the Southern Hemisphere, has prevented a piling-up of stocks in European countries during the recent period of declining mill activity. The shortage of wool supplies in Germany and Italy has been relieved slightly in recent months as a result of larger raw wool imports since August.

Manufacturing Activity in Importing Countries

Further declines in wool manufacturing were reported in January and early February from the United Kingdom, France, and Belgium. Activity in Germany and Italy remained largely unchanged.

The British Ministry of Labour reports that 21.1 percent of insured workers were registered as unemployed on January 17 compared with 17.9 percent on December 13 and 7.1 percent in January 1937. Unemployment in January was the greatest reported since 1934. The British wool manufacturing industry operated at a very high level in 1936 and the early part of 1937.

SUPPLEMENTARY DATA

Table 1 .- Price of wool per pound in specified markets and prices of textile raw materials in the United States, selected periods, 1936-38

Market and description	Average 1936	Average 1937	1937 Feb.	1937 Dec.	1938 Jan.	1938 Feb.
	Cents	Cents	Cents	Cents	Cents	Cents
Boston:						
Territory combing scoured basis						
64s, 70s, 80s, (fine)	92.0	101.9	114.0	80.9	77.4	70.6
56s, (3/8 blood)	80.4	87.1	99.8	64.2	63.4	60.0
46s, (low 1/4 blood)	65.9	72.1	82.8	56.0	55.5	51.5
United States: Farm price, 15th of month, grease basis	26.9	30.4	31.6	23.6	21.6	20.2
London: 1/						
Average quality, clean cost 2/						
70s	58.4	62.1	63.7	46.6	45.3	43.9
56s	35.1	46.3	48.4	34.6	33.6	33.5
46s	23.8	39.5	38.7	30.2	29.7	29.3
Bradford: 3/						
Scoured basis -						
64s warp	59.8	64.7	60.1	52.0	46.8	42.8
50s	29.7	43.2	38.7	32.3	33.3	26.1
Australia:						
Average price at all selling centers, greasy wool 4/	23.0	24.7	29.7	22.0	21.1	
Sydney (Delivered Bradford) 5/						
70s warp, clean basis	10/ 62.9	11/67.5	70.6	57.8	52.6	
Union of South Africa:						
Average export price, greasy wool	21.4	25.1	27.2	20.1	19.6	
Price at selling centers 6/						
70s warp, clean cost	12/ 60.5	12/62.9	67.1	53.4	51.4	
Argentina:						
Buenos Aires Market						
Buenos Aires, South and South-east coarse crossbred greasy-						
32s - 50s	13/ 15.6	---	23.3	17.2	14/17.7	
Uruguay:						
Montevideo Market						
Fine crossbred, greasy -						
50/56s - 60s	34.2	15/39.8	42.9	27.5	20.8	
Coarse crossbred 32-36s-44s	23.9	15/30.8	32.2	23.2	17.9	
United States:						
Textile fibers -						
Wool, territory fine staple 7/	92.0	101.9	114.0	80.9	77.4	70.6
Cotton, 7/8 Middling 8/	11.9	11.2	12.9	8.2	8.5	8.9
Silk, Japanese 13-15 9/	176.6	186.0	199.3	157.5	156.5	
Rayon yarn - 150 denier	58.6	62.2	60.0	63.0	60.0	

Continued -

Table 1 .- Price of wool per pound in specified markets and prices of textile raw materials in the United States, selected periods, 1936-38
Continued

Foreign prices have been converted at prevailing rates of exchange. Yearly averages are averages of monthly prices.

1/ Average of quotations for each series of London sales reported by the London Office of the Bureau. For months when no sales were held figures are interpolated.
2/ Top and noil in oil.
3/ Quotations reported about the 25th of the month by the London Office of the Bureau.
4/ National Council of Wool Selling Brokers.
5/ Wool Record and Textile World, Bradford.
6/ South Africa Ministry for Agriculture.
7/ Scoured basis, Boston market.
8/ Average at 10 markets.
9/ 78 percent white, at New York.
10/ 7-month average. No quotations April to August.
11/ 8-month average. No quotations May to August.
12/ 9-month average. No quotations June to August.
13/ 10-month average.
14/ Average for 3 weeks.
15/ 5-month average. Only months quoted.

Table 2.- Exports of wool (grease and scoured combined) from Argentina and Uruguay to principal consuming countries, first 4 months of season, October 1 to January 31, 1936-37 and 1937-38

Country of destination	Argentina		Uruguay		Total	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom	39.0	17.1	10.3	7.5	49.3	24.6
Germany	4.4	17.9	6.3	11.6	10.7	29.5
France	12.3	10.6	2.5	1.0	14.8	11.6
Italy	5.5	1.2	1.9	0.7	7.4	1.9
Belgium	8.3	2.8	4.5	1.2	12.8	4.0
Netherlands	0.5	0.5	0.9	1.0	1.4	1.5
Japan	15.6	1.1	20.7	---	36.3	1.1
United States	39.3	2.3	19.0	0.2	58.3	2.5
Total.	124.9	53.5	66.1	23.2	191.0	76.7
Other countries	6.0	4.0	0.8	0.9	6.3	4.9
Grand total	130.9	57.5	66.9	24.1	197.8	81.6

Trade reports supplied by Buenos Aires Office of the Bureau of Agricultural Economics.

Table 3.- United States: Wool imports, consumption and machinery activity, specified periods, 1936-38

Item	Jan.-Dec.		1937		1938
	1936	1937	Jan.	Dec.	Jan.
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption, actual weight 1/ -					
Apparel	110,712	150,160	25,121	2,780	2,068
Finer than 40s	84,759	126,601	21,195	2,417	1,517
Not finer than 40s	25,953	23,559	3,926	363	551
Carpet, including camels hair	143,276	172,091	21,177	3,189	2,654
Consumption, scoured basis 2/-					
Weekly average -					
Apparel	5,351	4,783	5,763	2,606	2,542
Carpet	2,029	2,023	2,560	714	734
Aggregate -					
Apparel	278,258	248,715	28,814	10,424	12,709
Carpet	105,504	105,196	12,802	2,857	3,672
	Percent	Percent	Percent	Percent	Percent
Machinery activity 2/ - (40-hour shift)					
Worsted combs	121.1	115.2	144.6	64.6	65.7
Worsted spindles	83.5	82.2	109.0	54.7	50.5
Woolen spindles	118.2	107.8	134.9	60.0	64.3
Looms, broad	98.9	97.2	122.5	64.7	67.0
Looms, narrow	51.9	51.0	69.9	25.2	28.3
Carpet and rug looms	68.3	71.3	82.0	38.0	35.2

Import figures from official records of the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity figures from the Bureau of the Census.

1/ Weight of greasy, scoured and skin wool added together.

2/ Figures for January based on 5 weeks, December on 4 weeks, January to December 52 weeks. No adjustment made for holidays.

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